



ITA'S MISSION

To advocate the **value of tourism** in Indiana's economy and support the **best practices** of its member organizations.



HISTORY OF THE INNKEEPERS TAX

- **Marion County** adopted the first Indiana tax in 1966
- **Similar to a corn or dairy “check-off” fee** – the money is “voluntarily” collected by the business owner in anticipation that the money will come back to support projects that increase the sales of that product
- **But it is a Class C Felony** if collected and not remitted
- **Has been used to fund infrastructure projects** like convention centers as well as marketing and community development



INNKEEPERS TAX BACKGROUND

- The **Uniform Innkeepers Tax** (Indiana Code 6-9-18) was adopted in 1982
- **55 or 73% of counties** have adopted the Uniform Innkeepers Tax Code
- Legislation allows up to **5%** by county ordinance
- Anything over 5% requires **special legislation**
- **76 counties** total collect
- Funds go to local tourism commissions, convention and visitors bureaus or **destination managers**

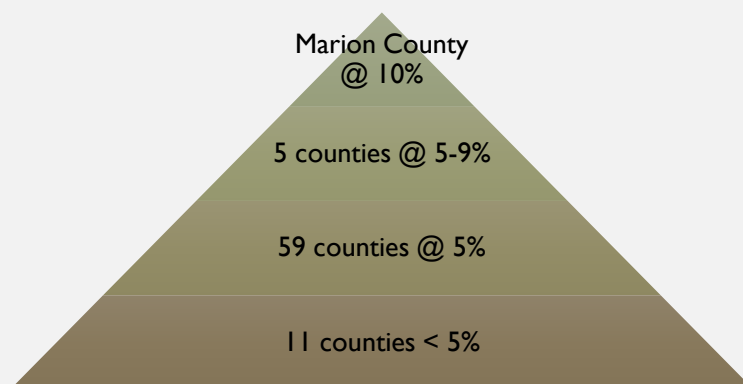


INNKEEPERS TAX FACTS

- **90% collect** lodging taxes **locally**
- **Annual innkeepers taxes** collected estimated more than **\$90 million** statewide
- **Oldest county** to adopt the tax is Marion, which began in 1966
- **Biggest years for adoption** of the tax were in the 1990s
- **Average tax rate** statewide is: 5%



INDIANA LODGING TAX RATES



STATE OF INNKEEPERS TAX COLLECTIONS

2016 & 2017 Surveys of Destination Managers

- **70%** receive a **regular report** of who is delinquent on their taxes
- **40%** report **consistent delinquent tax remittance** from hotels
- **90%** report **current delinquent tax remittance** from a hotel
- **40%** report they are **negatively impacted** by delinquency
- **60%** have had a hotel operator be **more than six months behind** on taxes



STATE OF INNKEEPERS TAX COLLECTIONS

- **50/50** = on average those who say they've seen **more or less delinquency**
(note: this is one of the most vibrant hotel periods in American history – no one should be using hotel taxes to cash flow their operations)
- Usually, the delinquent operator(s) are the **same people over and over again**
- **72% tag team** with their county treasurer's and prosecutor's offices in "stages" to nudge for the remittance of the taxes and report having a great partnership



HOW CAN WE HELP?

- Destination managers depend on these taxes to **drive tourism in their counties**
- Study after study reports at least a **15:1 return on investment for every dollar wisely spent on tourism development and marketing**, including visitor spending and tax dollars generated

How can the Indiana Tourism Association support county treasurers with these concerns in the future?



WHY DO INNKEEPERS TAXES MATTER?

- Tourism provides an **\$8.1 billion contribution** to the state's GDP
- Tourism generates **\$11.5 billion in direct spending**
- **77 million** visitors travel the state each year
- **202,000 jobs** statewide are supported by tourism
- Tourism generates **\$1.3 billion in local and state taxes** – that's a tax savings of **\$550 per household**



HOW ARE INNKEEPERS TAX DOLLARS USED?

- **Staffing** – as a sales industry, we use direct selling for group, meeting, sport and specialty markets
- **Marketing** – we've never been savvier and able to reach more people than in today's digital marketing world
- **Intelligence** – fewer industries have more data available to them to spend their money smarter
- **Development** – more and more we are destination managers, not just marketers



The destination manager and marketer's world is changing, and ITA works with bureaus to help understand what that means.

This has made destination managers more accountable than ever.



THANK YOU FOR
YOUR PARTNERSHIP!

